

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re)	Chapter 11
)	Case No. 20-34771 (MI)
Oasis Petroleum, Inc., <i>et al.</i> ,)	Jointly Administered
)	
Debtors.)	Related to D.I. 24, 25

**OBJECTION OF CIGNA TO CURE NOTICE ISSUED IN CONNECTION
WITH THE JOINT PREPACKAGED PLAN
OF REORGANIZATION OF OASIS PETROLEUM INC.
AND ITS DEBTOR AFFILIATES**

Cigna Behavioral Health, Inc. (“CBH”) and Life Insurance Company of North America (“LINA”, and jointly with CBH, “Cigna”), hereby object to the *Notice of (A) Executory Contracts and Unexpired Leases to be Assumed or Assumed and Assigned by the Debtors Pursuant to the Plan and (B) Related Procedures in Connection Therewith* served pursuant to the *Joint Prepackaged Plan of Reorganization of Oasis Petroleum Inc. and Its Debtor Affiliates* [D.I. 24] (“Plan”), and in support thereof, respectfully state as follows:

BACKGROUND

1. Cigna and the above-captioned debtors (collectively, “Debtors”) are parties to the following insurance-related (collectively, “Employer Benefits Agreements”), pursuant to which Cigna provides group life, disability, and accidental death and dismemberment benefits for Debtors’ employee benefits program:

- Agreement for Life Assistance Program Services between CBH and Oasis Petroleum, Inc. (“Oasis”) effective 1/1/2014 (“LAP Agreement”);
- Administrative Services Agreement (FML 962363), as amended, between LINA and Oasis effective 4/1/2014;
- Administrative Services Agreement (SHD 962363), as amended, between LINA and Oasis effective 1/1/2014;
- Basic/Voluntary Group Accident Policy (OK 967271), as amended, between LINA and Oasis effective 1/1/2014;
- Basic/Voluntary Group Life Policy (FLX 965691), as amended, between LINA and Oasis effective 1/1/2014; and

- Group Long-Term Disability Policy (LK 963937), as amended, between LINA and Oasis effective 1/1/2014

2. As of the date of this Objection, the Employee Benefits Agreements have neither been assumed nor rejected.

PLAN AND CURE NOTICE

3. Under the Plan, all executory contracts are deemed assumed, unless any such contract is on the Schedule of Rejected Executory Contracts¹ (“Rejection Schedule”) to be filed with the Plan Supplement. Plan, Article V.A.

4. On November 3, 2020, the Debtors filed the Plan Supplement [D.I. 213]. No contracts were listed on the Rejection Schedule attached to the Plan Supplement.

5. Pursuant to the Plan, the Debtors mailed the Cure Notice. The Cure Notice includes the following Cigna listings:

Cigna Group Insurance	Oasis Petroleum Inc.	Employee Related Contracts and Documents - 1260- 2014 Cigna Business Requirements Document Signed (Contract No. 100244)	\$0.00
Cigna Group Insurance	Oasis Petroleum Inc.	Employee Related Contracts and Documents - 1260- 2020-2022 Oasis Cigna Life Policy Amendment (FLX965691) (Contract No. 100244)	\$0.00
Cigna Leave Solutions	Oasis Petroleum Inc.	Employee Related Contracts and Documents - 1260- 2020-2022 Oasis Cigna Life Policy Amendment (FLX965691) (Contract No. 100244)	\$0.00
Cigna Leave Solutions	Oasis Petroleum Inc.	Employee Related Contracts and Documents - 1260- 2020-2022 Oasis Cigna Life Policy Amendment (FLX965691) (Contract No. 100244)	\$0.00

OBJECTION

6. Cigna objects to the Cure Notice because, *inter alia*, (i) it does not identify all of the Employer Benefits Agreements, and includes an ambiguous listing that does not identify an active contract with Cigna; and (ii) it does not propose to satisfy Debtors’ cure obligations consistent with section 365(b)(1) of the Bankruptcy Code.

¹ All defined terms shall have the definitions and meaning contained in the Plan.

A. Incomplete and Erroneous Listings.

7. The Cure Notice includes three references to the Cigna Basic/Voluntary Group Life Policy. It also includes an ambiguous reference to “Employer Related Contracts and Documents.” The Debtors should clarify their intent with regard to each of the Employee Benefits Agreements. However, because the Plan proposes to assume all contracts, and because the Rejection Schedule is blank, Cigna presumes that all of the Employee Benefits Agreements will be assumed.

B. Cure.

8. As a condition precedent to the assumption of any of the Employee Benefits Agreements, the Debtors must pay the full amount due and unpaid thereunder on the Effective Date of the Plan. *See* 11 U.S.C. § 365(b)(1); *In re Entertainment, Inc.*, 223 B.R. 141, 151 (Bankr. N.D. Ill. 1998) (“The cure of a default under an unexpired lease pursuant to 11 U.S.C. §365 is more akin to a condition precedent to the assumption of a contract obligation than it is to a claim in bankruptcy”). When a contract is assumed under section 365 of the Bankruptcy Code, the non-debtor third-party to that contract must be “made whole at the time of the debtor’s assumption of the contract.” *Id.* (emphasis added). Accordingly, any cure amount set with respect to the Employee Benefits Agreements must include all accrued and unpaid amounts due under the Employee Benefits Agreements as of the Effective Date. *See* 11 U.S.C. § 365(b)(1).

9. Cigna expressly objects to the proposed cure amounts of \$0 in the Cure Notice as insufficient. As of November 1, 2020, the following amounts were due and owing to Cigna under the Employee Benefits Agreements:

Long-Term Disability Policy ²	LK 963937		\$28,002.40
Basic/Voluntary Group Accident Policy (AD&D)	OK 967271		\$13,981.10

² Amounts due under the LAP Agreement are billed within the Long Term Disability Policy.

Basic/Voluntary Group Life Policy	FLX965691		\$44,346.14
Administrative Services Agreement (FMLA)	FML962363		\$9,103.38
Administrative Services Agreement (STD)	SHD 962363		\$9,103.38
			\$104,536.40

10. In addition, amounts will continue to become due and owing to Cigna under the Employee Benefits Agreements on and after November 1, 2020, and no cure amount can be fixed prior to the Effective Date. Any order permitting the assumption of any Employee Benefits Agreements must direct that the Debtors fully pay all amounts due to Cigna under those agreements as of the Effective Date, as a condition precedent to such assumption.

WHEREFORE, Cigna respectfully requests that this Court enter an order that: (i) grants Cigna relief consistent with the foregoing; and (ii) grants Cigna such additional relief to Cigna as this Court deems just and equitable.

Dated: November 6, 2020

CONNOLLY GALLAGHER LLP

/s/ Jeffrey C. Wisler

Jeffrey C. Wisler (No. 2795)
1201 North Market Street, 20th Floor
Wilmington, Delaware 19801
Telephone: (302) 757-7300
Facsimile: (302) 658-0380
Email: jwisler@connollygallagher.com

Counsel for Life Insurance Company of North America
and Cigna Behavioral Health, Inc.

#05570192